

HURRICANE MITCH RECONSTRUCTION UPDATE



USAID/Nicaragua Hurricane Mitch Reconstruction Program

(U.S. Millions of Dollars)	\$103.6
Public Health	30.1
Economic Reactivation	59.1
Education	4.5
Municipal Infrastructure	4.4
Transparency and Accountability	1.0
Food Aid	4.5



Departments of Nicaragua
Affected by Hurricane Mitch

USAID MICROENTERPRISE LOANS HELP CHINANDEGA SMALL BUSINESSES FLOURISH

Chinandega, Nicaragua— Francisco Zepeda began designing and making jewelry when he was 16 years old. He learned his trade while working at a jewelry shop. Now, through a USAID-financed microenterprise program, Zepeda has set up his own jewelry workshop.

USAID's microenterprise program is helping small entrepreneurs in areas affected by the October 1998 Hurricane Mitch to recover and expand their businesses. More than \$7 million has been lent to 16, 670 microentrepreneurs, over 75 percent of whom are women.

With a USAID grant, the Fundacion Para el Apoyo a la Microempresa, FAMA, (Microenterprise Support Foundation), has given loans to 875 small businesses in the department of Chinandega, located about 84 miles northwest of Managua. Qualifying FAMA clients are given an annual loan according to the needs of their business. They are also entitled to smaller loans throughout the year during peak business periods, such as



Francisco Zepeda polishes a gold chain on a machine he bought with a small business loan from USAID. The 23-year-old jeweler set up his own shop through the microenterprise program.

Christmas.

Francisco Zepeda, along with his mother Catalina Paz Cruz, have used their USAID/FAMA loan of \$1,000 to purchase the necessary equipment, like a polishing machine, to make fine gold jewelry in the shop they set up in their home. The loan also helped them to buy the gold, which comes from nearby mines. Cruz was able to buy fabric for the sewing and tailoring that she also does in her home shop.

So far the family has had no trouble paying back the loan, including interest at current market rates, through weekly installments of \$71.

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"Sales have been good," says Cruz. "We are making enough money to pay the loan, buy more supplies and meet our living expenses. We even had enough to buy a television."

Nubia Caballero, another FAMA client in Chinandega, runs a small restaurant and variety store out of her home. With a \$1,300 loan, Caballero was able to stock her store with a larger range of products and thereby increase sales.

"Sales are so good," says Caballero, who helps support her family of five with her small home-run business, "I have been able to pay my loan payments ahead of time."

Like other beneficiaries of the USAID microenterprise program, Caballero and Cruz and her son Francisco, had business setbacks when Hurricane Mitch hit, particularly hard, the department of Chinandega. Houses flooded and businesses were forced to close temporarily. Sales were down for a time after as the population had other necessities following the destruction of Hurricane Mitch.

Ana Maria Canales had to close her music store in the Chinandega market for a week after Hurricane Mitch. A USAID/Fama



Nubia Caballero stocks her small shop and buys ingredients for the home-style meals she offers at her restaurant with loans she received through the USAID microenterprise program.

loan helped Canales recover her losses. Now, business at the popular stall, which offers an assortment of cassettes and CDs, as well as the sale and repair of electronic equipment, has picked up.

Says Canales, a mother of four, who started with a loan of less than

\$50, but is now easily paying back another bigger loan of \$1,900: "The loans have given me a chance to expand my business and provide a better life for my children."



A USAID microenterprise loan helps Rodolfo Vallecillo keep his bicycle repair shop running. Vallecillo also makes unique three-wheel tricycle "taxis", that serve as popular and inexpensive transportation in the town of Chinandega.

Long Term Economic Development

With a budget of \$59.1 million for economic reactivation, USAID is targeting its assistance to restore the economic livelihood of 100,000 farmers, laborers and microentrepreneurs.

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